



RItE Stats

Analysis of RItE Care Utilization Data

Prescription Drugs in RItE Care

Director's Message

Prescription drug costs are rising at an alarming rate and are a major factor driving up the cost of health care. At the national level, total Medicaid spending has increased at an annual rate of just under 8% while the cost of prescription drugs has increased at a rate of about 18%.¹ While prescription drugs constitute about 9% of total health care spending, they have made up 20% of the increase in Medicaid spending over the past several years.²

This issue of RItE Stats examines the use of prescription drugs in RItE Care from July 1999 through March 2003. Overall utilization rates are compared by health plan, age groups, type of drug and costs. Comparisons to national commercial and Medicaid rates are also provided where available.

Best regards,

Jane A. Hayward, Director
Department of Human Services

Background

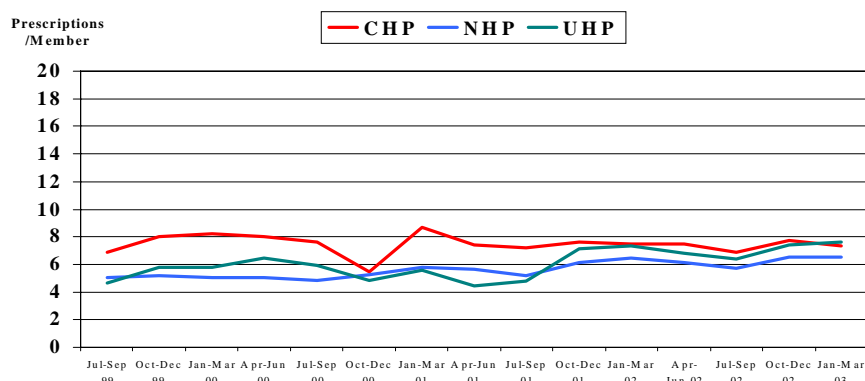
The RItE Care program offers a very comprehensive drug benefit, which is intended to minimize access barriers to needed medication. In an effort to hold down costs and maintain quality, each Health Plan has developed its own preferred drug list (PDL) which encourages appropriate use of generic drugs and requires prior approval on some very expensive drugs. These policies are monitored by the State to assure that members have access to all Medicaid approved drugs.

Prescriptions Filled by Health Plan

Over 70% of RItE Care members fill almost one million prescriptions a year at an annual cost of over \$34 million. This averages out to about 7 prescriptions per member at an average annual cost of about \$250. Figure 1 illustrates the annualized rate of prescription drugs filled per member by Health Plan and quarter from July-September 1999 through January-March 2003. While there was some variation from quarter to quarter during State Fiscal Year (SFY) 2001, rates have leveled off considerably during more recent quarters with no apparent seasonal variation.

Figure 1. RItE Care Prescription Drugs per Member by Quarter and Health Plan

(Jul-Sep 1999-Jan-Mar 2003)



Note: Quarterly rates have been annualized by multiplying by 4.

Rates among the three Health Plans have remained fairly stable especially in the last year and a half. Coordinated Health Partners (CHiP) has varied from just under 6 to just over 8 prescriptions per year, while United Health Plan of New England (UHP) has dipped as low as 4.4 in the April-June 2001 quarter before leveling off at its current level of just under 8 prescriptions per year. Finally, Neighborhood Health Plan of Rhode Island (NHP) has maintained the most stable rates which vary only marginally above or below 6 prescriptions per year.

Nationally, about 70% of commercial populations use their prescription benefit and fill an average of about 9-12 prescriptions per year at an average cost of \$588 per year.³ However, these populations include older workers as well as retired employees who would be expected to experience higher utilization than the RItE Care population. In addition, almost 60% of RItE Care prescriptions are filled using lower cost generic drugs (data not shown) while national rates in commercial populations are much lower (approximately 36%).³

Prescriptions by Age and Gender

As noted in the previous section, the RItE Care population is not always comparable to other commercial or even Medicaid populations (see Program Description). Commercial populations may include older members with more chronic diseases which require more costly medication on a continuous basis. In contrast, the RItE Care population is a younger and perhaps healthier population whose pharmacy needs are more episodic in nature. Therefore, any comparisons of these results with other data need to consider these population differences.

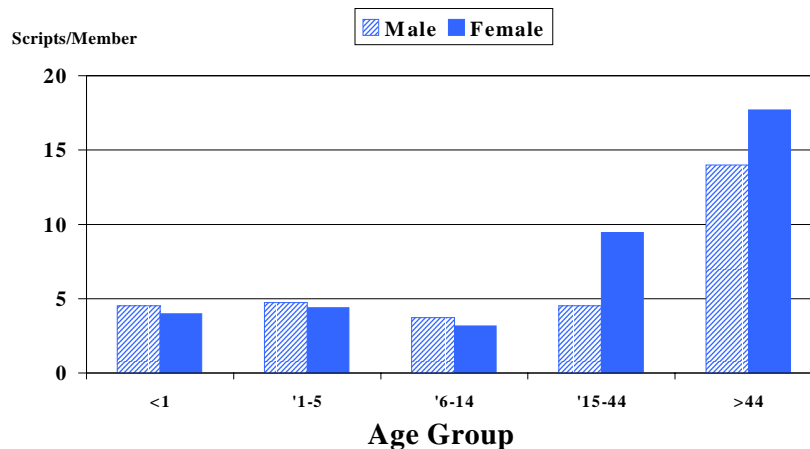
Figure 2 depicts the prescription drug rate in RItE Care by age and gender for SFY 2002 (which is the most recent 12-month period available). Note that prescriptions for both males and females are fairly constant in the 5 years and under age groups and actually decrease slightly in the 6-14 age group before increasing for females in the 15-44 age group and increasing for males and females in the >44 age group. Also note that utilization is comparable for both males and females in the younger (<15) age groups while females fill more prescriptions than males in the 15 and older age groups.

While the >44 age group has the highest utilization rate for prescriptions in RItE Care, they make up only 4.1% of the RItE Care population and collectively account for less than 11% of all

prescriptions filled in the program. On the other hand, children 6-14 make up 30% of the RItE Care population and account for only 17% of the prescriptions filled. As one might expect, the 15-44 age group makes up the largest proportion of the RItE Care population and fill over 55% of the prescriptions.

Figure 2. RItE Care Prescription Drug Rates per 1,000 Member by Age Group and Gender

(State Fiscal Year 2002)

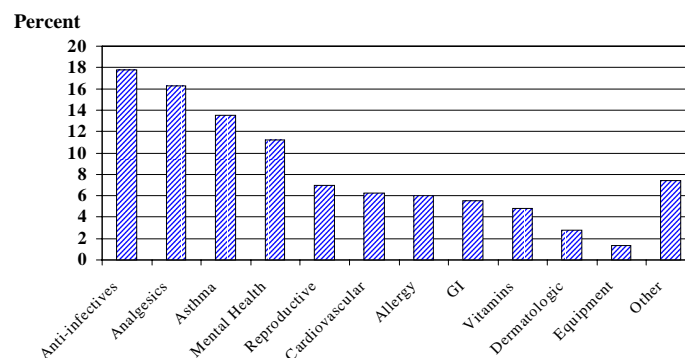


Categories of Drugs

Figure 3 presents the leading categories of prescriptions filled during the first 9 months of the current SFY (year-to-date 2003). Since RItE Care is a program that serves predominantly women of childbearing age and children, it is not surprising that the leading prescription groups include anti-infectives (mostly antibiotics) and analgesics. About 18% of all prescriptions filled in RItE Care were for various anti-infectives with another 16% for analgesics which would include over the counter drugs such as aspirin, acetaminophen, and ibuprofen when prescribed by a physician. Drugs used to treat asthma and other respiratory conditions made up almost 14% of all prescriptions filled in RItE Care. Together, these three groups of drugs represented almost 50% of all prescriptions filled in RItE Care.

Figure 3. RItE Care Prescriptions by Therapeutic Group

(Year-to-Date SFY 2003)



Note: Year-to-Date State Fiscal Year 2003 covers the period July 1, 2002 through March 31, 2003 and is the most current data available as of the time of this writing.

Drugs used to treat depression and other mental health conditions rank fourth in the overall grouping and constitute about 11% of all prescriptions filled, followed by reproductive drugs (including oral contraceptives). Note that while reproductive drugs make up only about 6% of all prescriptions filled, they are filled almost exclusively by women age 15-44 and constitute a much larger proportion of the medication used by this age group. Mental health drugs, on the other hand, are used to treat a wider range of conditions that occur in almost all age categories from attention deficit / hyperactivity disorders in children to affect disorders in male and female adults.

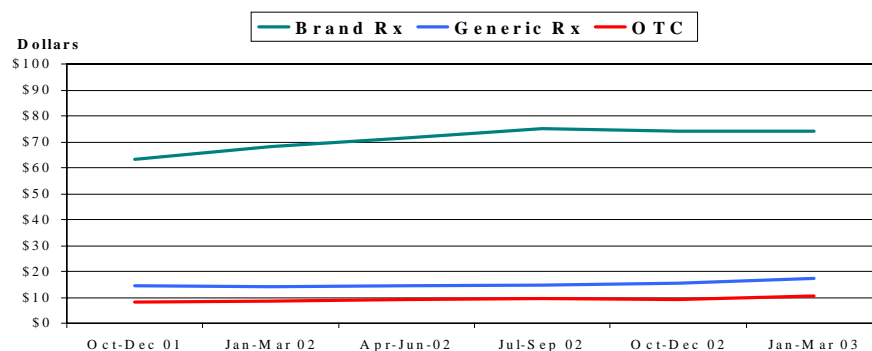
The most common cardiovascular disease treated in RItE Care is hypertension and drugs used to manage this condition represent 6% of all prescriptions filled. Allergy medication and drugs used to treat gastrointestinal disorders also make up about 6% of all prescriptions filled while vitamins make up approximately 5%. Dermatological medications and various types of equipment round out the specific categories with less than 3% each.

Cost

Average costs per brand name prescription drug increased steadily during much of 2002 and appear to be leveling off a bit in more recent quarters (see Figure 4). During October—December 2001 the average cost for a brand name drug in RItE Care was about \$63 and has increased to \$75 in January -March 2003 (an increase of about 18%). Average costs of generic drugs increased from a little over \$14 to almost \$18 (an increase of about 20%). While it is not as clear from the graph, the costs of over-the-counter drugs have also increased by about 20%.

Brand name prescriptions cost, on average, about \$60 more than generics, a pattern that is seen in national data as well.⁵ However, it should be noted that there are not always comparable generic drugs for all brand name prescriptions. As such, the difference in costs between generic and brand name drugs should not be interpreted as an indication of the cost savings in selecting generics over brand names.

Figure 4. Average Costs by Quarter and Prescription Type.
(Oct-Dec 2001 to Jan-March 2003)



Note: Cost data includes only the price of the prescriptions excluding any dispensing fees or rebates.

Comment

Over 70% of RItE Care members fill a prescription each year at an annual cost of about \$34 million. This constitutes an average of about 7 prescriptions per member per year at an average annual cost of about \$250 per member. While average costs have increased at an average rate of

about 18% per year, they may be leveling off in more recent quarters. Utilization rates have remained fairly constant from quarter to quarter and among the various Health Plans, especially in the past 6 quarters.

Not surprisingly, anti-infectives and analgesics were the two most common drugs prescribed in RItE Care followed by drugs used to treat asthma and other respiratory problems, mental health and reproductive prescriptions. While generic drugs averaged about \$60 per prescription less than brand name drugs, this should not be used as an indicator of potential cost savings as not all brand name drugs have suitable generic alternatives. About 60% of RItE Care prescriptions were filled by generic drugs.

Ultimately, prescription drug utilization in RItE Care is lower and less costly than national estimates in commercial populations due, in part, to population differences as well as the higher utilization of generic drugs in RItE Care. Future studies might take a closer look at the distribution of therapeutic classes among the various age and gender groups as well as the availability of suitable generic substitutes for the more costly brand name prescriptions. Other studies might focus on pharmacological management of chronic diseases such as asthma, diabetes and hypertension. Such studies might focus on the potential cost savings from proper pharmacological management of patients to avoid more costly inpatient and urgent care.

References

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Technical Notes

Data for this analysis were compiled using prescription drug files which are submitted to the Department of Human Services on a quarterly basis under contract with the Health Plans.⁷

Prescriptions are identified using NDC codes and therapeutic class. Each record includes the member unique identification number along with the date and pharmacy where the prescription was filled. Therapeutic groups were created by the author based on therapeutic class and prescription usage.

Cost data include the price of the prescription excluding dispensing fees and may include rebates to the Health Plans. Health Plans are free to negotiate individual rebate agreements with the pharmaceutical companies which are generally based on a percentage of average manufacturers price (AMP) and differ for brand name and generic drugs.

Program Description

RItE Care is the State of Rhode Island's managed health care program for families on Medicaid, uninsured families with incomes up to 185% of the Federal Poverty Level (FPL), uninsured pregnant women and children under 19 from

families with incomes up to 250% of the FPL. Eligible individuals are enrolled in a managed care organization (Health Plan) which is paid a monthly capitation for providing or arranging health services for members. The program was designed to improve access to health care by providing each member with a 'medical home' in the form of a primary care provider (PCP).

A comprehensive plan for evaluating RItE Care has been implemented by the Center for Child and Family Health. Health Plans are required to submit data to the State on all services provided to members each quarter. These files are edited extensively according to predetermined criteria⁷ and become the foundation for most of the Health Plan oversight activities conducted by the State. In addition, data are periodically validated against claims and medical records. Other oversight and evaluation activities include an annual member satisfaction survey, on-site review of Health Plan policies and procedures, selected focus groups, and a variety of health outcomes research.

RItE Stats is a bimonthly publication of the Center for Child and Family Health and is intended to provide information to the public on the health care provided in the RItE Care Program. It is edited by Bill McQuade, MPH with support from the Center for Child and Family Health staff. Comments and inquiries are encouraged and should be sent to:

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